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**RECOMMENDATION THAT MAS ADVISORY PANEL TOTAL SOLUTIONS
DEFINITION BE EXPANDED**

September 30, 2008

**Prepared by the GSA Office of Governmentwide Policy
Office of Technology Strategy**

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INTRODUCTION

Currently, the MAS Advisory Panel pricing provisions definition for “total solutions”, as set forth in the August 26, 2008 Federal Register Notice, appears to be limited to the acquisition of commercial professional services and products

We believe the total solutions definition needs to be expanded to include computing services (please see recommended definition, below)

We conducted a brief review of the literature including trade press reports and Gartner research papers to support this position. Highlights of this review are provided below

BACKGROUND

1 Our review confirmed the commercial marketplace is rapidly evolving from traditional host computer services, which have been around for decades, and now includes “cloud” and “software as a service” (SaaS) host computing services. Our review concluded there appears to be a functional overlap in the definitions of cloud and SaaS computer services. These services range from computer and storage services (cloud) and specific SaaS applications such as payroll services. Our review of the trade press in recent months continues to note frequent articles on cloud and SaaS computing services, which we believe helps to confirm this is an active market.

2 During a telephone conference with a Gartner analyst on 9/25/08, the analyst said we are seeing “a return to the future” where the pendulum has swung to standardized computing models with some customization of software for individual users of cloud and SaaS computing services. The extent of customization varies according to individual user requirements. A MAS user would likely include a statement of work (SOW) for the customization services with a purchase order for computing services.

The Gartner analyst also made the following observations

- a Cloud-SaaS services typically include support services (programmer and analyst services and training services), however, some cloud services providers may provide only limited support and training services depending on the nature of their offerings. The Gartner analyst said that Google, one of the early entrants to cloud computing services, does not provide training and support services.
- b The cost of acquiring cloud-SaaS services is about 1/4 to 1/3 less than owning the equivalent capability. A potential user must consider potential variations in workload over time in determining comparative costs.

c Cloud-SaaS billing is typically a set cost per user per month which includes a set amount of storage and computing resources. These resources can be increased according to user requirements. Support services are charged separately, which in the case of a MAS user, would likely use a SOW to describe required support services.

d Some cloud computing companies, including AT&T, are expanding/building networks to support the new computing services.

e New system developments that include host processing services involve a different set of vendors including CSC, IBM, EDS, Perot Systems, etc.

f Also, our review noted the Defense Information Systems Agency (DISA) is providing cloud computing services to its users through a contract with Hewlett-Packard. The fee for DISA's Rapid Computing Environment (RACE) services is based on actual usage.

g Federal agencies could use MAS Blanket Purchase Agreements (BPA) with an SOW to acquire cloud computing services and support services.

3 While our review suggests the cloud-SaaS services marketplace is very competitive, we have not seen information about the estimated sales volume of these services. This may be due to the rapid evolution of cloud-SaaS services.

4 There are two OMB E-Gov initiatives that include shared services provider concepts including computing services and support services requirements. These are the Financial Management Line of Business and the Human Resources Line of Business (LOB). Both LOBs plan to use the GSA MAS to acquire the services.

5 Additional factors that potential users, including Federal users, of cloud-SaaS services need to consider are all aspects of security of data including personal information. This includes host processing and network security features, backup facilities in the event primary systems fail, business failures, etc. Also, are any additional terms needed in the MAS solicitation to accommodate computing services?

RECOMMENDED MAS ADVISORY PANEL TOTAL SOLUTIONS DEFINITION

We recommend the MAS Advisory Panel total solutions definition be revised from "professional services and products" to "Professional services, computing services and products (IT equipment and software packages)."

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